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SUBJECT: GWADAR: THE NEARLY BLANK CANVAS

¶1. (U) Summary. During the Ambassador's August 10-11 visit to Gwadar, Balochistan, provincial and Gwadar Development Authority (GDA) officials laid out their grand vision for the port's future--which they hope will someday rival Dubai, providing a key transshipment point for trade with Afghanistan and the Central Asian states. Local town officials had simpler and more pressing needs: a reliable drinking water supply, better schools so their children could compete for jobs as the port and city grew, and improved medical facilities. The first phase of the port construction project has been completed, with signs of continuing construction around the city--in particular a Pearl Continental hotel perched on cliffs above the city--and a three-fold increase in the city's population, Gwadar remains are remote, fishing town surrounded by desert. End summary.

¶2. (U) This cable on the port city of Gwadar is one of two cables on the Ambassador's visit to Balochistan. Septel will address security matters, including counter-narcotics and anti-Taliban, discussed in meetings in Quetta with provincial and paramilitary officials, including the Balochistan Frontier Corps Commander.

The Vision

¶3. (U) During his August 11 visit to Gwadar, the Ambassador told provincial and local officials that the USG supports the port project as a means to open trade to Central Asia. The Ambassador also emphasized that the people of Gwadar should be "in the forefront of those who benefit from the mega project." Governor Owais Ahmed Ghani described Gwadar as "a clean, flat canvas" for development in the region, envisioning a future "ports and sports city," that would include a dozen golf courses and which could be ready to bid on the Olympics twenty years hence. The Director General of the GDA said the work is underway on a sports complex that would include a cricket oval, fields for soccer and field hockey and an indoor sports facility.

¶4. (U) Both Governor Ghani and Provincial Chief Minister Jam Mohammad Yousuf said that President Musharraf has approved a

50-year plan for further expansion of the port and city. By 2055, the port should include specialized terminals for handling oil, LNG, LPG, oil refineries and storage, ship repairing facilities, a ferry terminal, expanded capacity to handle container ships, warehouses and storage yards.

¶5. (U) Even though the first phase of the port project is almost complete, local political officials spoke in terms of the port's inauguration being "a few years away." Dredging continues in the harbor to deepen the channel to 14.5 meters, allowing large ships to dock at the port. The additional dredging by a Chinese contractor should be completed by December. Negotiations are underway for a port operator; six major international corporations have expressed interest in the project, according to GDA officials.

The Locals

¶6. (U) While Governor Ghani said that a small committee of citizens from Gwadar has been formed to advise the Development Authority in its planning, local officials denied this, saying that they had not been included in planning. The local leaders claimed that the people of Gwadar are pleased that their city is being developed, but also fearful that local jobs and businesses will be displaced by development and that an influx of outsiders could make natives a minority in their own city. District officials are also dealing with a looming drinking water crisis; the lack of quality education and inadequate local medical facilities.

¶7. (U) Some local officials also worried that insufficient

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attention is being paid to the preservation of old Gwadar City, which sits on a narrow peninsula extending perpendicular from the coastline to a high headland, which has cliffs 150 meters to 400 meters high. Provincial Chief Minister Jam Mohammad Yousuf opposed efforts to move people out of Gwadar's Old Town, but was not averse to relocating fishermen to a new jetty off the mainland. (Note: In the end, it was not clear how port development project would affect Old Gwadar: for example, the GDA Director General showed the Ambassador plans to run a multi-lane road directly over the Old City, saying that people would be given incentives to move to new housing schemes to make way for the roadway. In contrast, an engineer overseeing the project said that a new road would be built along the East Bay shore, so avoid the Old Town. End note.)

Water

¶8. (U) Local political officials cited a drinking water shortage arising from the jump in district's population from 40,000 to 130,000 residents in recent years as a serious development problem. There is no underground water in Gwadar and a nearby reservoir is running dry, now holding less than two months supply after a year-long drought. Residents must pay to receive water trucked in by tankers. Currently, there is only one unreliable desalinization plant in the district; plans for a large desalinization plant are still on the drawing board.

¶9. (U) The GDA Director General told the Ambassador that it will drill eleven new tube wells to ease the current shortage, adding that a California-based company has applied to build a 25-million gallon desalinization plant. The district also plans to build a new dam to catch rainwater northeast of the city on the mainland. In the long-run, Gwadar will have to depend on desalinization for drinking water.

Education

¶10. (U) All local interlocutors told the Ambassador that Gwadar needs better educational facilities, so that local children can qualify for jobs in the port and city development project. Until new local high schools and technical schools are built, local officials are looking to federal and provincial authorities to subsidize Gwadar students to be trained at Port Karachi and Port Qasim in port operations.

¶11. (U) Coast Guard battalion commander LTC Mohammed Tariq told the Ambassador that he also faces difficulties keeping young captains and majors in the area because of the lack of quality schools. He requested USG support for a school that the Coast Guards would oversee. The battalion has acquired the land for the school; the next step would be drawing and retaining quality teachers from places like Karachi. Without committing to the project, the Ambassador commended this idea, noting that it parallels a schools program run by the Army 11th Corps in the NWFP. The Ambassador also mentioned USAID's teacher-training projects in Gwadar, as well as its support for school renovations. Approximately 600 local teachers have graduated from the USAID training program, while the USG has provided roughly 22 million rupees (approximately USD 370,000) for local school facility improvements.

Connecting Gwadar to the World

¶12. (U) The Governor and GDA officials previewed future projects to tie Gwadar more closely to the rest of Pakistan and connect the port to Afghanistan and Central Asia. The

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recently-completed Karachi-Gwadar coastal highway has cut travel time from a day to just eight hours. Now, coastal fishing villages can quickly move get their catch to market, creating a boat-building boom, but also leading to complaints by local fishermen that competitors from Sindh are now encroaching on their waters. According to the Governor, 400 kilometers of roads are now under construction or planned within Gwadar. When told that road construction would be delayed if the government had to pay for land, the Governor said, some residents surrendered their properties gratis. The government compensated those who lost a house, productive agricultural lands, or who simply offered up their property for roads. Roads running to the northeast will eventually connect Gwadar to Quetta, the NWFP, and southern Punjab; a new road to the north could linked into the Herat-Qandahar highway in Afghanistan, facilitating trade with Central Asia. A new, expanded airport is planned for Gwadar, which is only a half-hour flight from the Persian Gulf states. Long-term transportation plans include a ferry service connecting Gwadar to Karachi, Oman and other Gulf states, as existed until the 1970s.

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